

Message Text

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12

ACTION NEA-16

INFO OCT-01 ISO-00 XMB-07 EB-11 AID-20 TRSE-00 MC-02

COME-00 CIAE-00 INR-11 NSAE-00 RSC-01 DRC-01 /070 W

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R 130850Z SEP 74

FM USINT ALGIERS

TO SECSTATE WASHDC 1077

INFO AMCONSUL CASABLANCA

LIMITED OFFICIAL USE ALGIERS 1964

E.O. 11652: N/A

TAGS: EGEN, AG

SUBJ: EXIMBANK LOAN TO AIR ALGERIE

REF: (A) STATE 192953 (B) STATE 185348 (C) ALGIERS 1884

1. USINT OFFICER MET WITH MOHAMMED L. BENREBOUH, DIRECTOR
FINANCIAL SERVICES FOR AIR ALGERIE PER REFTEL.

2. BENREBOUH KNEW OF BOUZADA TELEX OF JULY 25, BUT
DID NOT BELIEVE THAT WAS END OF MATTER. AIR ALGERIE WILL
BUY NEXT FOUR BOEING PLANES, BUT NEW EXIM TERMS MAKE
OTHER MAKES OF PLANES VERY COMPETITIVE. AIR ALGERIE
HAD MADE A DECISION TO CREATE SINGLE MAKE OF AIRCRAFT--
ALL BOEING. THEY HAVE HAD GOOD EXPERIENCE WITH BOEING
PLANES, BUT BELIEVE THAT NOW THEY ARE COMMITTED TO U.S.
PLANE USG WAS TAKING UNFAIR ADVANTAGE OF THEM BY RAISING
BORROWING TERMS. IN THIS SITUATION AIR ALGERIE IS
RECONSIDERING ITS POLICY OF BUYING UNIFORM FLEET.
THIS WILL EFFECT NEXT PURCHASE UNDER NEW 1974/77 YEAR
PLAN WHICH IS EXPECTED TO BE WIDE-BODIED PLANE
AND/OR LONGER RANGE BOEINGS.

3. USINT OFFICER EXPLAINED EXIM POLICY OF LOANING
30 PERCENT OF PROJECT AND EMPHASIZED THERE NO QUESTION OF
DISCRIMINATION OR TAKING ADVANTAGE OF AIR ALGERIE.
PROBLEM WAS LIMITS TO EXIM LENDING AUTHORITY AND
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TOTALLY NEW WORLD-WIDE HIGH INTEREST RATES. ALSO

EMPHASIZED POLICY OF MEETING BUT NOT LEADING
COMPETITION AND THAT ALL TERMS HAD HARDENED. BENREBOUH SAID
THAT SOME TERMS WERE MUCH BETTER THAN EXIM'S, BUT DID
NOT ELABORATE. USINT OFFICER INFORMED SEPARATELY THAT FRENCH
WERE OFFERING 6 1/2 PERCENT INTEREST RATE ON 10
YEAR LOANS FOR AIRBUS.

4. BENREBOUH HAS CONTACTED BORIS MITCHELL OF BOEING.
BOEING AND AIR ALGERIE INTEND TO REQUEST MEETING WITH
EXIM ON ISSUE.

5. ON ISSUE OF DISCRIMINATION WHICH IS KEY TO BENREBOUH'S
ARGUMENTS, EXIM SHOULD EXPECT AIR ALGERIE TO KNOW OF
PRELIMINARY COMMITMENT TO UNITED AIRCRAFT FOR 40 PERCENT
OF COST OF TURBINES FOR SONELGAZ POWER PROJECT.
PELLETREAU

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NNN

Message Attributes

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